



सीमाशुल्क अग्रिम विनिर्णय प्राधिकरण
Customs Authority for Advance Rulings
नवीन सीमाशुल्क भवन, बेलाई इस्टेट, मुंबई - ४०० ००१
New Custom House, Ballard Estate, Mumbai - 400 001
E-MAIL: cus-advrulings.mum@gov.in

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आज़ादी का
अमृत महोत्सव

F.No. CAAR/CUS/APPL/90, 126, 127, 128, 129 & 130/2025 - O/o Commr-CAAR-Mumbai Date: 18.09.2025

Ruling No. & date	CAAR/Mum/ARC/72,73,74,75,76 & 77/2025-26 dated 18.09.2025
Issued by	Shri Prabhat K. Rameshwaram, Customs Authority for Advance Rulings, Mumbai
Name and address of the applicant	M/s. SubCom Projects India Private Limited 707, Lodha Supremus, Senapati Bapat Marg, Lower Parel West, Nr. HDFC Bank House, Mumbai- 400 013 {Email: TaxNotice@subcom.com }
Concerned Commissionerate	1. The Pr. Commissioner of Customs, NS-V, JNCH, Nhava Sheva, Tal: Uran Distt: Raigad Maharashtra-400707. (Email: commr-ns5@gov.in) 2. The Commissioner of Customs, Import-I, New Customs House, Ballard Estate, Mumbai-400001 Email: import-1nch@gov.in 3. The Commissioner of Customs, Chennai-II (Import), Customs House, 60, Rajaji Salai, Chennai- 600001 Email- chennai-importoffice@gov.in , commr2-cuschn@gov.in 4. The Commissioner of Customs, Cochin Custom House, Willingdon Island, Cochin-682 009. Email : commr@cochincustoms.gov.in 5. The Commissioner of Customs, (Port-Import), Custom House, 15/1 Strand Road, Kolkata-700001 (Email- prcommr-port-cuskol@gov.in) 6. The Pr. Commissioner of Customs, Custom House, Visakhapatnam Port Area, Visakhapatnam-530 035 Email: prcomm1-cusvzg@gov.in



ध्यान दीजिए/ N.B.:

1. सीमा शुल्क अधिनियम, 1962 की धारा 28I की उप-धारा (2) के तहत किए गए इस आदेश की एक प्रति संबंधित को निःशुल्क प्रदान की जाती है।
A copy of this order made under sub-section (2) of Section 28-I of the Customs Act, 1962 is granted to the concerned free of charge.
2. इस अग्रिम विनिर्णय आदेश के खिलाफ कोई भी अपील ऐसे निर्णय या आदेश के संचार की तारीख से 60 दिनों के भीतर संबंधित क्षेत्राधिकार के उच्च न्यायालय के समक्ष की जाएगी।
Any appeal against this Advance Ruling order shall lie before the **High Court of concerned jurisdiction**, within 60 days from the date of the communication of such ruling or order.
3. धारा 28-I के तहत प्राधिकरण द्वारा सुनाया गया अग्रिम विनिर्णय तीन साल तक या कानून या तथ्यों में बदलाव होने तक, जिसके आधार पर अग्रिम विनिर्णय सुनाया गया है, वैध रहेगा, जो भी पहले हो।
The advance ruling pronounced by the Authority under Section 28 - I shall remain valid for three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.
4. जहां प्राधिकरण को पता चलता है कि आवेदक द्वारा अग्रिम विनिर्णय धोखाधड़ी या तथ्यों की गलत बयानी द्वारा प्राप्त किया गया था, उसे शुरू से ही अमान्य घोषित कर दिया जाएगा।
Where the Authority finds that the advance ruling was obtained by the applicant by fraud or misrepresentation of facts, the same shall be declared void *ab initio*.

अग्रिम विनिर्णय / Advance Ruling

M/s. SubCom Projects India Private Limited (having IEC No. ABFCS7573P and hereinafter referred to as 'the applicant', in short) filed six applications (CAAR-1) for advance ruling before the Customs Authority for Advance Rulings, Mumbai (CAAR in short). The said applications were received in the secretariat of the CAAR, Mumbai on 04.06.2025 along with enclosures in terms of Section 28H (1) of the Customs Act, 1962 (hereinafter referred to as the 'Act' also). The applicant has sought an advance ruling on the following questions.

- A. Whether the Applicant is eligible to claim exemption from BCD on import of cable laying vessel as per Sl. No. 555 of the Notification No. 50/2017 dated June 30, 2017.
- B. Whether the Applicant can claim exemption from IGST for import of cable laying Vessel as per Sl. No. 557C of the Notification No. 50/2017 dated June 30, 2017, in case where the Applicant is the importer on record (IoR) for the cable laying Vessel and Purchaser are the Importer on Record (IoR) for the cables, other goods used in cable laying service.

2. The Applicant vide their application has submitted as follows:

2.1 SubCom Projects India Private Limited (hereinafter referred to as 'Applicant' or 'SubCom India') is a company incorporated in India under the provisions of the Companies Act, 2013 and having its registered head office located at Mumbai.

2.2 SubCom India is a 99.99% owned subsidiary of SubCom, LLC, USA. SubCom, LLC is a company engaged in the business of laying submarine cables under the seabed, which are used for telecommunication/internet connectivity.



2.3 SubCom, LLC is engaged by telecom companies in India for laying submarine cables under the seabed in India. SubCom, LLC has subcontracted the task of laying telecommunication cables under the seabed in India to SubCom India.

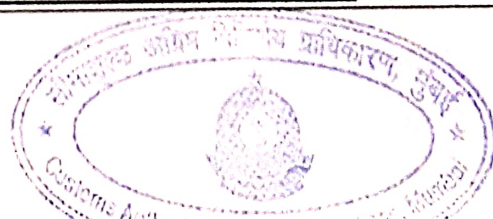
2.4 Pursuant to the said contract, SubCom India imports cable laying Vessels on lease from Transoceanic Cables Company LLC on a time charter basis. SubCom India uses the cable laying Vessels for laying cables under the seabed in India. Vessels exit Indian Customs waters after the initial import and return to Indian Customs waters to continue cable laying activities. The cable laying Vessels would leave Indian Customs waters after the completion of cable laying activity. A copy of the time charter agreement is enclosed as Exhibit 1 to this Application.

2.5 While the cable laying Vessel is imported by the Applicant on lease, the cables and other goods required for cable laying are imported by the customers of the SubCom LLC in India (herein after referred as "Purchasers") who had or will in the future award a contract to SubCom, LLC for laying the submarine telecommunication cable under seabed in India. The Purchasers remits applicable customs duties on such imports. A statement showing an example of the typical cables and other goods proposed to be imported by the Purchasers is enclosed as Exhibit 2 to this application. However, please note that substantially all the cables and other goods required for cable laying shall be carried into India on the Applicant's cable laying vessel. Subsequent to such import by the Purchasers on the vessel of the Applicant, the Applicant installs such goods and cables.

2.6 With the above facts of the case, the Applicant has sought clarification on exemption from Basic Customs Duty ('BCD') with respect to the import of cable laying Vessel, as per sl.no. 555 of the Notification No. 50/2017-Customs dated June 30, 2017 (herein after referred as "the Notification") and exemption from Integrated Goods and Service Tax ('IGST') with respect to the import of cable laying Vessel, as per sl.no. 557C of the Notification No. 50/2017-Customs dated June 30, 2017 by filing an Advance ruling under Section 28H of Customs Act, 1962 on 22 June 2022.

2.7 For ease of reference, the relevant extract of the notification is extracted as below:

S.No	Chapter/ Heading/ sub-heading/ tariff item	Description of goods	Standard rate (Basic Customs Duty)	IGST	Condition No.
(1)	(2)	(3)	(4)	(5)	(6)
555	8906	All goods (excluding vessels and other floating structures as are imported for breaking up)	Nil	-	-
557C	89	Ships/ Vessels for providing cable laying or repairing services in Indian Customs waters	--	Nil	105
Condition					
105. The importer, by the execution of bond, in such form and for such sum as may be specified by the Commissioner of Customs, binds himself to, -					
1. <u>pay duty on goods used in cable laying or repairing services, leviable under the Customs Act, 1962 and integrated tax leviable under Section 3 (7) of the Customs Tariff Act, 1975;</u>					



2. *pay applicable integrated tax leviable under section 5(1) of the Integrated Goods and Services Tax Act, 2017 on cable laying or repair service;*
3. *to furnish an undertaking to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, to the effect that the imported goods shall not be cleared for home consumption, and shall be used only for the intended purpose;*
4. *to re-export the ship/ Vessel immediately after completion of the said cable laying or repairing service;*
5. *to pay on demand an amount equal to the integrated tax payable on the said goods but for the exemption under this notification in the event of violation of any of the above conditions.”;*

2.8 Sl. No 555 of the Notification provides exemption from BCD on the Vessel classified under customs tariff heading 8906.

2.9 Further, as per sl.no. 557C of the Notification, import of cable laying Vessel for purpose of laying cable in Indian Customs waters is exempt from IGST subject to fulfillment of five conditions specified above. While the Applicant shall undertake to fulfill condition number 2 to 5 specified above, the Applicant believes that it shall satisfy condition number 1 as well.

2.10 Condition number 1 above requires that the importer of the cable laying Vessel (i.e., Applicant in the instant case) shall bind himself to pay BCD and IGST on the goods used in cable laying or repairing services.

2.11 The fact that the goods used in cable laying are not imported by the Applicant may create an ambiguity whether the Applicant is eligible for exemption. However, please note that a substantial portion of the goods (owned by the System purchaser) is or will be carried into India on the Applicant's cable laying vessel.

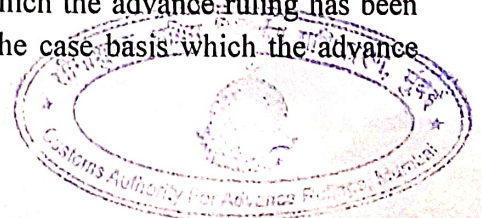
2.12 In this regard, on the same question, the Applicant received an advance ruling from the Hon'ble Customs Authority for Advance Rulings, Mumbai on 4 August 2022, wherein it has been held that the Applicant is eligible to claim the benefit under Sl.No 555 and 557C of the Notification No. 50/2017 dated 30 June 2017 subject to the fulfillment of the prescribed conditions. Extract of the said ruling is provided below:

“5.3.1 ...In the present case, it appears that the object of the notification is to grant IGST exemption on the import of cable laying vessel subject to the payment of appropriate custom duty on the goods imported into India in the process of cable laying apart from fulfillment of other conditions mentioned thereon. The applicant state that they would submit a modified undertaking ensuring payment of custom duty on behalf of or by the purchasers. The applicant would also ensure in the undertaking that the customs duty on the cables and other goods is remitted by the purchaser before the cable laying vessel is imported into India. Therefore, I find that the applicant would be eligible for IGST exemption under Sr. No 557C of the notification subject to the fulfillment of conditions of duty payment of goods used in cable laying services.

5.4...

6. In view of the foregoing discussion, I rule that the applicant is eligible to claim benefits under Sr. No 555 and 557C of the Notification No.50/2017 dated 30.06.2017 for import of cable laying vessel, subject to the fulfillment of the above conditions, as discussed above.”

2.13 As per sub section (2) of Section 28J of the Customs Act, 1962, an advance ruling pronounced shall be valid for three years or till there is a change in law or facts basis of which the advance ruling has been pronounced. The Applicant submits that there is no change in facts of the case basis which the advance



ruling was obtained in the past and therefore, given the time frame of 3 years, the above referred ruling is valid till 3 August 2025. Therefore, the present application is being preferred before the Honourable Customs Authority for Advance Ruling to seek the following clarification:

- A. Whether the Applicant is eligible to claim exemption from BCD on import of cable laying vessel as per sl.no 555 of the Notification.
- B. Can the Applicant claim exemption from IGST for import of cable laying Vessel as per sl.no. 557C of the Notification in case where the Applicant is the importer on record ('IoR') for the cable laying Vessel and the Purchasers are the IoR for the cables, other goods used in cable laying service?

Applicant's interpretation of Law/Facts

3.1 At the outset the Applicant submits that the cable laying Vessel shall be classified under Chapter 89 of the Customs Tariff. Therefore, the sl.no. 555 and sl.no. 557C of the Notification No. 50/2017 dated 30th June, 2017, are relevant in the facts and circumstances of the case.

3.2 As per the contract signed between the Purchasers and SubCom LLC, USA, the ownership in the goods used for cable laying service (like undersea cable, repeaters, and optical gear, machinery, apparatus, materials, computer hardware etc) is transferred by SubCom LLC to the Purchasers before the goods enter India as the Purchaser owns and operates this important critical infrastructure in India.

3.3 Therefore, it naturally follows that the Purchasers are owners and IoR for the cables and other goods imported into India.

3.4 Given this backdrop, an example of standard contract language regarding the import of cable and other goods is enclosed as **Exhibit 4** to this application, for the perusal of the Hon'ble Authority.

3.5 Further, the Applicant would like to submit that cables and other goods used for cable laying services shall be imported by the Purchasers in the Applicant's vessels. In other words, the cable laying Vessels and the goods to be installed by the Vessels shall be imported into India at the same point in time by different importers. The Applicant shall be the importer of record for the vessel while the Purchasers shall be the importer of record for the cable and goods on board the Applicant's vessel.

Cable laying Vessel is eligible for exemption from BCD as per sl.no. 555 of the Notification:

3.6 At the outset the Applicant would like to submit that the cable laying Vessel is classifiable under tariff 8906 9000. Relevant extract of the tariff is reproduced below for your kind perusal:

<i>Chapter/Heading/ sub-heading/tariff item</i>	<i>Description of goods</i>
8906	<i>OTHER VESSELS, INCLUDING WARSHIPS AND LIFEBOATS OTHER THAN ROWING BOATS</i>
89061000	<i>Warships</i>
89069000	<i>Other</i>

3.7 As per sl.no. 555 of the Notification No. 50/2017 dated 30th June, 2017, all goods (excluding vessels and other floating structures as are imported for breaking up) classified under the heading 8906 shall be exempt from BCD, unconditionally.

3.8 Therefore, the cable laying Vessel classified under the heading 8906 fits under sl.no.555 of the Notification, hence eligible for exemption from BCD.



Cable laying Vessel is eligible for exemption from IGST as per sl.no. 557C of the Notification as long as the Customs Duty is paid on goods used in cable laying:

3.9 The conditions to be fulfilled by the Applicant in order to be eligible to claim the exemption from IGST on the cable laying Vessel are as follows:

- i. **Undertake to pay Customs Duty on goods used in cable laying or repairing services**
- ii. Undertake to pay GST on cable laying or repair service provided in India
- iii. Provide an undertaking to the Customs Authorities in India to the effect that the imported goods shall not be cleared for home consumption, and shall be used only for the intended purpose;
- iv. Re-export the ship/ Vessel immediately after completion of the said cable laying or repairing service
- v. Undertake to pay IGST on the cable laying Vessel but for the exemption in the event of violation of any of the above conditions.

3.10 As the Applicant undertakes/concurs to fulfill the condition no. 2 to 5 above, the issue remains whether SubCom India can provide an undertaking on **condition number 1** above, i.e., to pay Customs Duty on goods used in cable laying services.

3.11 Condition number 1 above requires the **Applicant to provide an undertaking to pay Customs Duty on goods used in cable laying.** However, the condition number 1 does suggest that the Applicant should be the IoR for the said goods. The intention of condition number 1 only requires that the appropriate Customs Duty should be paid on the goods imported into India in the process of cable laying.

3.12 Given this, the Applicant humbly submits that in the facts and circumstances of the case, the intention of the legislature i.e., payment of appropriate Customs Duty on the goods used in the process of cable laying, gets fulfilled regardless of who is the IoR, provided the appropriate Customs Duty is paid.

3.13 Therefore, the Applicant is of the view that they are eligible to claim exemption from IGST even if the Purchasers are the IOR and pay the Customs Duty for the goods used in cable laying service, as the intention of the legislature in condition number 1 gets fulfilled.

Eligibility to exemption under sl.no 557C of the Notification to be examined in light of the intention of legislature:

3.14 An interpretation that the IGST exemption shall be available only when the Applicant pays the Customs Duty on the goods imported in the process of cable laying by being an IoR in the current facts and circumstances may lead to double payment of Customs Duty, at the first instance by the Purchasers and then by the Applicant. Alternatively, the Applicant will have to pay Customs Duty on the import of the Cable laying vessel by being denied the exemption available for the same. Therefore, it is humbly submitted the Notification should not be read in a narrow manner so as to defeat the object of the Notification.

3.15 It is a well settled principle that a statute must be construed according to the intention of the Legislature and the Courts should act upon the true intention of the legislation while applying law and while interpreting law. If a statutory provision is open to more than one meaning, the Court has to choose the interpretation which represents the intention of the Legislature. In this regard reliance is placed on the observations of the Supreme Court in the case of **District Mining Officer vs. Tata Iron and Steel Co., (2001) 7 SCC 358**



"... A statute is an edict of the Legislature and in construing a statute, it is necessary, to seek the intention of its maker. A statute has to be construed according to the intent of them that make it and the duty of the Court is to act upon the true intention of the Legislature. If a statutory provision is open to more than one interpretation the Court has to choose that interpretation which represents the true intention of the Legislature. This task very often raises the difficulties because of various reasons, inasmuch as the words used may not be scientific symbols having any precise or definite meaning and the language may be an imperfect medium to convey one's thought or that the assembly of Legislatures consisting of persons of various shades of opinion purport to convey a meaning which may be obscure. It is impossible even for the most imaginative Legislature to forestall exhaustively situations and circumstances that may emerge after enacting a statute where its application may be called for. Nonetheless, the function of the Courts is only to expound and not to legislate. Legislation in a modern State is actuated with some policy to curb some public evil or to effectuate some public benefit. The legislation is primarily directed to the problems before the Legislature based on information derived from past and present experience. It may also be designed by use of general words to cover similar problems arising in future. But, from the very nature of things, it is impossible to anticipate fully the varied situations arising in future in which the application of the legislation in hand may be called for, and words chosen to communicate such indefinite referents are bound to be in many cases lacking in clarity and precision and thus giving rise to controversial questions of construction. The process of construction combines both literal and purposive approaches. In other words, the legislative intention i.e., the true or legal meaning of an enactment is derived by considering the meaning of the words used in the enactment in the light of any discernible purpose or object which comprehends the mischief and its remedy to which the enactment is directed..."

3.16 The Applicant would like to place reliance on the following ruling of the Hon'ble Supreme Court wherein it was held that exemption notification has to be interpreted in light of its object:

Commr. of Customs (Preventive) v. M. Ambalal & Co. (2011) 2 SCC 74

"16. It is settled law that the notification has to be read as a whole. If any of the conditions laid down in the notification is not fulfilled, the party is not entitled to the benefit of that notification. The rule regarding exemptions is that exemptions should generally be strictly interpreted but beneficial exemptions having their purpose as encouragement or promotion of certain activities should be liberally interpreted. This composite rule is not stated in any particular judgment in so many words. In fact, majority of judgments emphasise that exemptions are to be strictly interpreted while some of them insist that exemptions in fiscal statutes are to be liberally interpreted giving an apparent impression that they are contradictory to each other. But this is only apparent. A close scrutiny will reveal that there is no real contradiction amongst the judgments at all. The synthesis of the views is quite clearly that the general rule is strict interpretation while special rule in the case of beneficial and promotional exemption is liberal interpretation. The two go very well with each other because they relate to two different sets of circumstances."

CST v. Industrial Coal Enterprises (1999) 2 SCC 607

"11. In CIT v. Straw Board Mfg. Co. Ltd. 1989 Supp (2) SCC 523 this Court held that in taxing statutes, provision for concessional rate of tax should be liberally construed. So also, in Bajaj Tempo Ltd. v. CIT (1992) 3 SCC 78 it was held that provision granting incentive for promoting economic growth and development in taxing statutes should be liberally construed and restriction placed on it by way of exception should be construed in a reasonable and purposive manner so as to advance the objective of the provision.



12. We find that the object of granting exemption from payment of sales tax has always been for encouraging capital investment and establishment of industrial units for the purpose of increasing production of goods and promoting the development of industry in the State. If the test laid down in *Bajaj Tempo Ltd. case* (1992) 3 SCC 78 is applied, there is no doubt whatever that the exemption granted to the respondent from 9-8-1985 when it fulfilled all the prescribed conditions will not cease to operate just because the capital investment exceeded the limit of ₹ 3 lakhs on account of the respondent becoming the owner of land and building to which the unit was shifted. If the construction sought to be placed by the appellant is accepted, the very purpose and object of the grant of exemption will be defeated. After all, the respondent had only shifted the unit to its own premises which made it much more convenient and easier for the respondent to carry on the production of the goods undisturbed by the vagaries of the lessor and without any necessity to spend a part of its income on rent. It is not the case of the appellant that there were any mala fides on the part of the respondent in obtaining exemption in the first instance as a unit with a capital investment below ₹ 3 lakhs and increasing the capital investment subsequently to an amount exceeding ₹ 3 lakhs with a view to defeat the provisions of any of the relevant statutes. The bona fides of the respondent have never been questioned by the appellant."

State of Jharkhand v. Tata Cummins Ltd (2006) 4 SCC 57

"16. Before analyzing the above policy read with the notifications, it is important to bear in mind the connotation of the word "tax". A tax is a payment for raising general revenue. It is a burden. It is based on the principle of ability or capacity to pay. It is a manifestation of the taxing power of the State. An exemption from payment of tax under an enactment is an exemption from the tax liability. Therefore, every such exemption notification has to be read strictly. However, when an assessee is promised with a tax exemption for setting up an industry in the backward area as a term of the industrial policy, we have to read the implementing notifications in the context of the industrial policy. In such a case, the exemption notifications have to be read liberally keeping in mind the objects envisaged by the industrial policy and not in a strict sense as in the case of exemptions from tax liability under the taxing statute."

M/s. Coastal Paper Ltd. v. Commissioner of Central Excise, Visakhapatnam Civil Appeal No. 4908 of 2005 [2015 (322) E.L.T. 153 (S.C.)].

"12. We have considered the aforesaid submissions with reference to record and the plethora of material produced before us by both the sides. It cannot be denied that if one has to look into the ordinary meaning of the expression 'rags' and on that basis construe the Notification in question, the assessee would not be entitled to the concessional rate of excise duty inasmuch as the waste of gunny bags or jute bags would be called 'rags' in ordinary sense of the term. However, whether case can be decided with such simplistic overtones, is the question. We are of the view that the expression 'rags' appearing in the Notification has to be construed having regard to the attendant circumstances, the context in which the same is used in the said Notification as well as the purpose for which this term has appeared in the Notification. At the same time, it is also necessary to go behind the objective for which Notification itself is issued thereby giving it a purposive interpretation, which has become cardinal rule of interpretation. In our opinion, it is only after examining all these factors that the final decision should be arrived at."

Tamil Nadu Small Indus. Coprn. Ltd. v. Collr. of C. Ex., Chennai 2009 (234) E.L.T. 413 (Mad.)

"9. It is no doubt true that the learned single Judge has relied upon the decision of the Supreme Court in (1999) 4 SCC 458 (cited supra) to come to a conclusion that the Company has got a separate and distinct identity from its shareholders. The aforesaid decision was rendered in a context of the provisions relating to Land Ceiling. In the present case, as already observed, the intention of the exemption notification is to encourage the Central Government or the State Governments.



Keeping in view the purpose for which such notification had been issued, in our opinion, a purposive interpretation is required to be adopted to effectuate the main intention of the exemption notification. In fact, for the subsequent period, there is no doubt that such exemption being made applicable to Small Industries Corporation under the control of the State Government. In our opinion, the ratio of the Supreme Court decision given in an entirely different context cannot be made applicable to the peculiar facts and circumstances of the present case. On the other hand, as rightly contended by the learned Senior Counsel for the appellant, the ratio of the decision of the Supreme Court in (1998) 5 SCC 738 (cited supra) can be made applicable. It is also interesting to note that in a subsequent decision, the CEGAT has given the benefit of such exemption to the very same appellant as it is apparent from the decision reported in 2001(131) E.L.T. 131 (TANSI v. COMMISSIONER OF CENTRAL EXCISE, CHENNAI). In such decision, the CEGAT has accepted the contention that amendment is clarificatory and has given the benefit of exemption. It is also asserted by the appellant and not refuted by the Counsel for the Department that such subsequent decision of the CEGAT has not been challenged by the Department. As a matter of fact, similar decision was also made by CEGAT in an earlier decision reported in 1999 (82) ECR 330 (TANSI v. CCE, Madras), wherein the benefit of the exemption was made available to TANSI.

10. Having regard to these decisions and particularly keeping in view the intention of the notification, we are inclined to accept the contention of the learned Senior Counsel for the appellant and hold that benefit of the exemption is available to the appellant."

CST v. Amara Raja Batteries Ltd 2009-TIOL-89-SC-CT

"23. An exemption notification should be given a literary meaning. Recourse to other principles or canons of interpretation of statute should be resorted to only in the event the same give rise to anomaly or absurdity. The exemption notification must be construed having regard to the purpose and object it seeks to achieve. The Government sought for increase in industrial development in the State. Such a benevolent act on the part of the State, unless there exists any statutory interdict, should be given full effect. (See *Vadilal Chemicals Ltd. v. State of A.P.* (2005) 6 SCC 292)"

3.17 Further the Applicant would like to rely on the ruling of the Hon'ble Supreme Court in the case of **Government of Kerala & Anr. Vs. Mother Superior Adoration Convent 2021 (3) TMI 93**, wherein the Hon'ble Supreme Court has distinguished its own rulings which stated that the exemption notification has to be interpreted strictly:

"22. A recent 5-Judge Bench judgment was cited by Shri Gupta in *Commr. of Customs v. Dilip Kumar & Co.* (2018) 9 SCC 1. The 5- Judge Bench was set up as a 3-Judge Bench in *Sun Export Corporation v. Collector of Customs* 1997 (6) SCC 564 was doubted, as the said judgment ruled that an ambiguity in a tax exemption provision must be interpreted so as to favour the assessee claiming the benefit of such exemption.

23. It may be noticed that the 5-Judge Bench judgment did not refer to the line of authority which made a distinction between exemption provisions generally and exemption provisions which have a beneficial purpose. We cannot agree with Shri Gupta's contention that sub-silently the line of judgments qua beneficial exemptions has been done away with by this 5-Judge Bench. It is well settled that a decision is only an authority for what it decides and not what may logically follow from it (see *Quinn v. Leathem* [1901] AC 495 as followed in *State of Orissa v. Sudhansu Sekhar Misra* (1968) 2 SCR 154 at 162,163)"

3.18 In the present case also, the object of the Notification is to grant IGST exemption on import of cable laying Vessel subject to payment of appropriate Customs Duty on the goods imported into India in the process of cable laying apart from fulfillment of the other conditions mentioned therein.



3.19 In light of the foregoing, the Appellant therefore submits that the object of the Notification gets fulfilled as long as Customs Duty is paid regardless of who pays it. Hence, the Applicant believes that the undertaking required under condition number 1 may be provided by the Applicant with suitable modifications to state that the Applicant will ensure payment of Customs Duty on behalf of or by the Purchasers. The Applicant can also ensure that the customs duty on the cables and other goods are remitted by the Purchasers before the cable laying vessel is imported into India.

3.20 Given the above, the Applicant believes that they are eligible to claim IGST exemption under sl.no 557C of the Notification in the current situation subject to furnishing the modified undertaking as stated above, wherein

- the Applicant is IoR for the Vessel,
- the Purchasers are IoR for the cables and other goods used for cable laying services
- the aforesaid cables and other goods are brought into India in the cable laying Vessel

Port of Import and reply from concerned jurisdictional Commissionerate

4.1 The applicant in their CAAR-1 indicated that they intend to import the subject goods i.e. Cable lying vessel at the jurisdiction of Office of the Commissioner of Customs, i. NS-V, JNCH, ii. Import-I, NCH, iii. Chennai Sea Customs, iv. Cochin Customs House, v. Kolkata Customs & vi. Visakhapatnam Customs. The applications were forwarded to the Office of the concerned Commissionerates for their comments on 30.07.2025 & 22.08.2025.

However, no responses/comments in this matter has been received from the office of the Commissioner of Customs, i. NS-V, JNCH, ii. Import-I, NCH, iii. Chennai Sea Customs, iv. Cochin Customs House, v. Kolkata Customs.

4.2 The Office of the Commissioner of Customs, Visakhapatnam vide their letter dated 08.09.2025 submitted the comments as under:

I For the applicability of Sl. No. 555 under Notification 50/2017

Para 3.2.2 As per the Sl. No. 555 of the notification, ibid, the BCD is Nil subject to condition no. 84 which clearly states that, in case of breakup of the vessel the importer shall file a separate bill of entry if the vessel is taken for breakup post importation. Therefore, the Sl. No. 555 exempts all imported vessels under heading 8906 from BCD

Para 3.2.3 Going by the above Sl. No. of the notification, the goods with description cable laying vessel under the heading 8906 is eligible for exemption from BCD.

II For the applicability of Sl. No. 557C under Notification 50/2017,

Para 3.3.2 As per the undertakings submitted by the applicant from (i) to (v), eligible for exemption from IGST on import of cable laying vessel, subject to payment of IGST on the services charged for cable laying operation or repair services and to re-export the said vessel on completion;

Para 3.3.3. All goods imported for cable laying purpose, are chargeable to customs duty on merits, and there is no exemption for all the consumables including those meant for consumption board the vessel, irrespective of who is Importer on Record (IoR).

Para 3.3.4 The merit duty shall be payable on import goods of all consumables including, IGST. However, for cable laying operation necessary authorization is required to be obtained from the concerned Ministry of GoI.

Para 3.3.5. IGST is not exempted on import goods of all consumables as it shall be payable and there is no exemption for all the consumables in cable laying operation and also those consumables on board vessel.



Para 3.4.1 The intent of the legislation is to collect merit duty including IGST at the time of Import and not at the time of actual cable laying operation. All the goods meant for consumption, including those on board the vessel during the operation, shall be liable for all import duties including BCD, SWS and IGST at the time of import. Therefore, there is no question of double taxation at the time of cable laying operation. The question of levy of IGST arises only once at the time of importation on all the consumables meant for cable laying operation, including those goods meant for consumption on board the vessel for day to day operation.

Para 3.4.5. The cable laying vessel is exempted from Import duties including IGST, subject to the conditions laid thereof.

Para 3.4.6 The applicant intends to pay the duty at the time of import of all consumables required for the purpose of cable laying, before importing cable laying vessel which is as per procedure, and as such no comments to offer.

Para 3.4.7 The applicant is eligible from IGST exemption for the cable laying vessel only, and not for the consumables used for cable laying and also not for consumables for running and maintaining the vessel for the intended purpose during her stay in Indian waters.

Details of Hearing

5.1 A hearing was held on 13.08.2025 in the office of Customs Authority for Advance Ruling, Mumbai. Shri Shivrajan and Ms. Purva Juneja, Advocate / Representatives appeared for Personal Hearing on behalf of the applicant. The reiterated the contentions filed with the application that the cable laying vessel is being imported by the applicant on lease and the cables and other goods required for cable laying would be imported by the various customers of the applicant. They further contended that the import of cable laying vessel is exempted from BCD as per Sr. No. 555 of the Customs Notification No. 50/2017 dated 30.06.2017 and exemption of IGST is also available as per Sr. No. 557C of the said Notification subject to fulfilment of the condition of the Notification. They also relied upon an Advance ruling issued by this authority vide Ruling dated 08.08.2022 in their own case. They further submitted that there is no change made in the law in the last three years and that the ruling has been effective since then. They further submitted that they filed the application on similar line of facts and circumstances.

No body appeared on behalf of the department in this matter.

Discussion and findings

6.1 I have considered all the materials placed before me in respect of the subject goods. I have gone through the comments/responses received from concerned Commissionerate and submissions made by the applicant during the personal hearing. I proceed to pronounce a ruling on the basis of information available on record as well as existing legal framework.

6.2 The applicant has sought an advance ruling on eligibility to claim exemption from BCD under Sl. No. 555 and from IGST under Sl. No. 557C of Notification No. 50/2017 dated June 30, 2017, for import of a cable laying vessel where the **Applicant is the importer on record (IoR) for the cable laying Vessel and Purchaser are the Importer on Record (IoR) for the cables, other goods used in cable laying service.**

At the outset, I find that the issues raised in the question in the Form CAAR-1 is squarely covered under Section 28H(2) of the Customs Act, 1962, being a matter related to applicability of a notification issued under sub-section (1) of section 25, having a bearing on the rate of duty.

6.3. The Applicant submits that SubCom India is a 99.99% owned subsidiary of SubCom, LLC, USA, which is engaged in the business of laying submarine cables under the seabed for telecommunication and internet connectivity. SubCom, LLC undertakes such projects on behalf of telecom companies in India and



has subcontracted the cable laying activities in India to SubCom India. For this purpose, the Applicant imports cable laying vessels on lease from Transoceanic Cables Company LLC under a time charter arrangement and deploys them for laying submarine cables in Indian waters. These vessels, after their initial import, exit Indian Customs waters and re-enter as required to continue cable laying operations, and finally depart upon completion of the activity. While the vessels are imported by the Applicant on lease, the submarine cables and other materials required for cable laying are imported by the customers of SubComm, LLC (purchasers) that award contracts to SubCom, LLC for cable laying activities. The Purchasers discharge the applicable customs duties on such imports. However, it may be noted that substantially all such cables and materials are transported into India on board the Applicant's cable laying vessels, after which the Applicant undertakes their installation under the seabed.

6.4 Before proceeding to examine the eligibility to claim exemption from BCD under Sl. No. 555 and from IGST under Sl. No. 557C of Notification No. 50/2017 dated June 30, 2017, on import of a cable laying vessel, it is first necessary to determine the appropriate classification of the Cable laying vessel.

A cable laying vessel is a special purpose ship designed and equipped to lay submarine cables under the seabed, and sometimes also to repair them. These vessels are not ordinary cargo or passenger ships, but specialized vessels with cable tanks, laying machinery, and positioning systems.

The Chapter 89 of the Customs Tariff covers "*Ships, boats and floating structures*". The Chapter Heading 8906 covers "*Other vessels, including warships and lifeboats other than rowing boats*". The relevant tariff entries and HSN Explanatory Notes to Heading 8906 is reproduced below for ease of reference:

Chapter/Heading/ sub-heading/tariff item	Description of goods
8906	OTHER VESSELS, INCLUDING WARSHIPS AND LIFEBOATS OTHER THAN ROWING BOATS
89061000	Warships
89069000	Other

"This heading covers all vessels not included in the more specific headings 89.01 to 89.05.

It covers:

(1) Warships of all kinds, these include:

..

..

(5) Vessels for the transportation and mooring of buoys; cable ships for laying underwater cables, e.g., for telecommunications.

(6) Pilot-boats.

(7) Ice-breakers.

(8) Hospital ships.

(9) Hopper-barges for the disposal of dredged material, etc."

As per the Explanatory Notes, Chapter Heading 8906 covers all vessels not falling within the more specific Headings 8901 to 8905. It specifically includes, inter alia, "*vessels for the transportation and mooring of buoys; cable ships for laying underwater cables, e.g., for telecommunications.*"

In light of the above, it is evident that a cable laying vessel is explicitly covered under Heading 8906, and therefore, is appropriately classifiable under CTI 89069000 (*Other*) of the First Schedule to the Customs Tariff Act, 1975.



6.5 Now, I proceed to examine the eligibility to claim exemption from BCD under Sl. No. 555 and from IGST under Sl. No. 557C of Notification No. 50/2017 dated June 30, 2017, on import of a cable laying vessel, classifiable under Chapter Heading 8906 (OTHER VESSELS, INCLUDING WARSHIPS AND LIFEBOATS OTHER THAN ROWING BOATS) of the First Schedule of the Customs Tariff Act, 1975.

Eligibility to claim exemption from BCD under Sl. No. 555 of Notification No. 50/2017 dated June 30, 2017 on Cable lying vessel

6.5.2 I note that Customs Notification No. 50/2017-Customs, dated 30.06.2017, issued under Section 25 of the Customs Act, 1962, provides exemption or concessional rates of Basic Customs Duty (BCD) on specified goods, subject to the conditions prescribed therein. For ease of reference, the relevant portion of the Notification is reproduced below:

S.No	Chapter/ Heading/ sub- heading/ tariff item	Description of goods	Standard rate (Basic Customs Duty)	IGST	Condition No.
(1)	(2)	(3)	(4)	(5)	(6)
555	8906	All goods (excluding vessels and other floating structures as are imported for breaking up)	Nil	-	-

From the above, it is clear that Sl. No. 555 of the Notification grants full exemption from payment of BCD to all goods falling under Chapter Heading 8906, except vessels and other floating structures imported for breaking up.

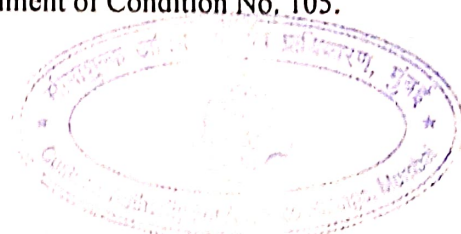
In the present case, as discussed above, the cable-laying vessel is appropriately classifiable under Chapter Heading 8906. Further, it is imported for the purpose of laying submarine cables on the seabed and not for breaking up. **Accordingly, the said vessel is eligible for exemption from BCD under Sl. No. 555 of Notification No. 50/2017-Customs, dated 30.06.2017.**

Eligibility to claim exemption from IGST under Sl. No. 557C of Notification No. 50/2017 dated June 30, 2017 on Cable lying vessel

6.5.3 The relevant extract of the Customs Notification No. 50/2017 dated June 30, 2017 is extracted as below for ease of reference:

S.No	Chapter/ Heading/ sub- heading/ tariff item	Description of goods	Standard rate (Basic Customs Duty)	IGST	Condition No.
(1)	(2)	(3)	(4)	(5)	(6)
557C	89	Ships/ Vessels for providing cable laying or repairing services in Indian Customs waters	--	Nil	105

From the above, it is evident that Sl. No. 557C of the said Notification grants full exemption from payment of IGST on ships/vessels falling under Chapter 89, when imported for the purpose of providing cable laying or repairing services in Indian Customs waters, subject to fulfillment of Condition No. 105.



In the present case, as discussed earlier, the cable-laying vessel is appropriately classifiable under Chapter 89 and has been imported specifically for carrying out cable laying operations in Indian Customs waters. Accordingly, the said vessel is eligible to avail exemption from IGST under Sl. No. 557C of Notification No. 50/2017-Customs, dated 30.06.2017, subject to compliance with the prescribed condition.

The relevant portion of condition no. 105 to claim exemption from IGST is as under:

Condition No.	Condition
105	<p>The importer, by the execution of bond, in such form and for such sum as may be specified by the Commissioner of Customs, binds himself to, -</p> <ul style="list-style-type: none"> (i) pay duty on goods used in cable laying or repairing services, leviable under the Customs Act, 1962 and integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975; (ii) pay applicable integrated tax leviable under section 5(1) of the Integrated Goods and Services Tax Act, 2017 on cable laying or repair service; (iii) to furnish an undertaking to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, to the effect that the imported goods shall not be cleared for home consumption, and shall be used only for the intended purpose; (iv) to re-export the ship/vessel immediately after completion of the said cable laying or repairing service; (v) to pay on demand an amount equal to the integrated tax payable on the said goods but for the exemption under this notification in the event of violation of any of the above conditions.]

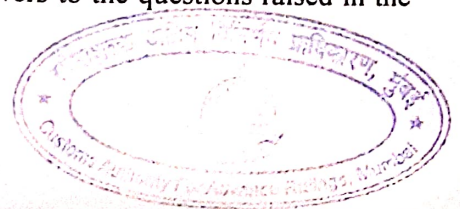
The Applicant has submitted that they shall undertake to comply with Conditions No. 2 to 5, as specified above. With respect to Condition No. 1, it is noted that the same requires the importer of the cable-laying vessel (i.e., the Applicant in the present case) to bind itself to pay BCD and IGST on the goods used in the cable laying or repairing services.

In this regard, the Applicant has submitted that the goods used for cable laying are not imported by them but are imported directly by the purchasers, who duly discharge the applicable customs duties on such imports. However, it is also noted that substantially all such cables and related materials are transported into India on board the Applicant's cable-laying vessels. This, according to the Applicant, may create an ambiguity as to whether they would still be eligible for exemption under the said Notification.

I note that the object of Condition No. 105 is to ensure that customs duties, including IGST, are duly discharged on goods used in cable-laying or repairing services, and that no duty liability is avoided under the cover of the exemption. In the present case, this condition is effectively satisfied, as the Purchasers are importing the cables and other goods in their own name and are paying the applicable customs duties and IGST at the time of import. Mere carriage of such cables on board the vessel does not amount to "import" by the Applicant, since customs clearance and duty liability rest with the Purchasers.

In light of the above, the Applicant is eligible to claim full exemption from IGST under the Sl. No.557C of Notification No. 50/2017-Customs, dated 30.06.2017, provided that the Purchasers continue to discharge the applicable customs duties and IGST on cables and other goods used in cable-laying services, and subject to strict compliance with all other conditions prescribed in Condition No. 105 of the said Notification.

7. In view of the above facts and circumstances of the case, the answers to the questions raised in the application are as under:



- A. The Applicant is eligible to claim exemption from BCD on import of cable laying vessel as per Sl. No. 555 of the Notification No. 50/2017 dated June 30, 2017.
- B. The Applicant is eligible to claim exemption from IGST for import of cable laying Vessel as per Sl. No. 557C of the Notification No. 50/2017 dated June 30, 2017, in case where the Applicant is the Importer on Record (IoR) for the cable laying Vessel and Purchasers are the Importers on Record (IoR) for the cables, other goods used in cable laying service, subject to strict compliance with all other conditions prescribed in Condition No. 105 of the said Notification.

8. I rule accordingly.

Prabhat K. Rameshwaram
18/9/17

(Prabhat K. Rameshwaram)
Customs Authority for Advance Rulings,
Mumbai.



Dated: 18-09-2025

This copy is certified to be a true copy of the ruling and is sent to:

1. M/s. SubCom Projects India Private Limited
707, Lodha Supremus, Senapati Bapat Marg,
Lower Parel West, Nr. HDFC Bank House, Mumbai- 400 013
{Email: TaxNotice@subcom.com }
2. The Pr. Commissioner of Customs, NS-V,
JNCH, Nhava Sheva,
Tal: Uran Distt: Raigad
Maharashtra-400707.
(Email: commr-ns5@gov.in)
3. The Commissioner of Customs,
Import-I, New Customs House, Ballard Estate,
Mumbai-400001
Email: import-1nch@gov.in
4. The Commissioner of Customs,
Chennai-II (Import), Customs House,
60, Rajaji Salai, Chennai- 600001
Email- chennai-importoffice@gov.in, commr2-cuschn@gov.in
5. The Commissioner of Customs,
Cochin Custom House, Willingdon Island, Cochin-682 009.
Email : commr@cochincustoms.gov.in
6. The Commissioner of Customs,
(Port-Import), Custom House,
15/1 Strand Road, Kolkata-700001
(Email- prcommr-port-cuskol@gov.in)
7. The Pr. Commissioner of Customs,
Custom House, Visakhapatnam Port Area,
Visakhapatnam-530 035
Email: prcomm1-cusvzg@gov.in
8. The Customs Authority for Advance Rulings,
Room No. 24, New Customs House,
Near IGI Airport, New Delhi-110037.
Email: cus-advrulings.del@gov.in
9. The Principal Chief Commissioner of Customs, Mumbai Customs Zone-I, Ballard Estate,
Mumbai -400001. Email: ccu-cusmum1@nic.in
10. The Commissioner (Legal), CBIC Offices,
Legal/CX.8A, Cell, 5th floor, Hudco Vishala Building,
C-Wing, Bhikaji Cama Place, R. K. Puram, New Delhi – 110066.
Email: commr.legal-cbec@nic.in
11. The Member (Customs), Central Boards of Indirect Taxes & Customs, North Block, New Delhi-
110001. Email: membercus.cbic@gov.in
12. The Webmaster, Central Boards of Indirect Taxes & Customs.
Email: webmaster.cbic@icegate.gov.in
13. Guard file.

(Vivek Dwivedi)

Dy. Commissioner & Secretary
Customs Authority for Advance Rulings,

Mumbai

